

# JEFFERSON DAVIS COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports  
For the Year Ended September 30, 2012

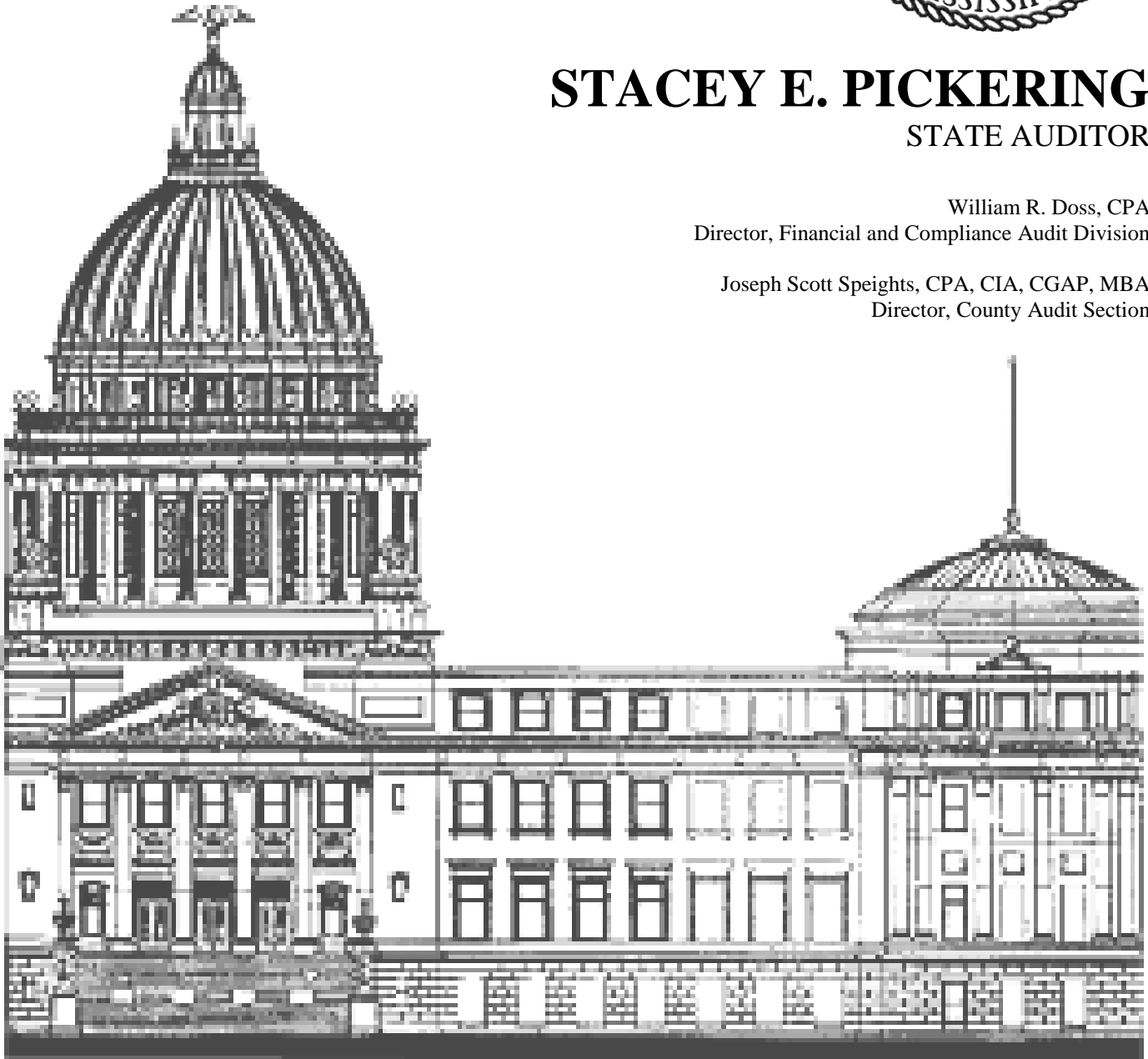


## STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA  
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA  
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

July 26, 2013

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2012 financial and compliance audit report for Jefferson Davis County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Jefferson Davis County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Jefferson Davis County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

Stacey E. Pickering  
State Auditor



JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

FINANCIAL SECTION

JEFFERSON DAVIS COUNTY

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**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
AUDITOR

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Jefferson Davis County, Mississippi, (the County) as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, Jefferson Davis County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the assets, liabilities, net assets, revenues and expenses of the aggregate discretely presented component units is not reasonably determinable.


In our opinion, because of the omission of the discretely presented component units, as discussed previously, the financial statements referred to previously do not present fairly, in conformity with accounting principles applicable to the County's cash basis of accounting, the cash basis financial position of the aggregate discretely presented component units of Jefferson Davis County, Mississippi, as of September 30, 2012, or the changes in cash basis financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the major fund and the aggregate remaining fund information of Jefferson Davis County, Mississippi, as of September 30, 2012, and the respective changes in cash basis financial position thereof for the year then ended, in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, on our consideration of Jefferson Davis County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Jefferson Davis County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is also presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards and the Schedule of Operating Costs of Solid Waste has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Reconciliation of Operating Costs of Solid Waste are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise Jefferson Davis County, Mississippi's basic financial statements. The Budgetary Comparison Schedules, Schedule of Investments, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such Information.

A handwritten signature in black ink that reads "Will. R. Dooss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 26, 2013

JEFFERSON DAVIS COUNTY

FINANCIAL STATEMENTS

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY  
Statement of Net Assets - Cash Basis  
September 30, 2012

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 2,726,865
Total Assets	<u>2,726,865</u>
NET ASSETS	
Restricted:	
Expendable:	
General government	246,330
Public safety	13,156
Public works	810,223
Culture and recreation	70,817
Debt service	148,591
Unemployment compensation	17,255
Unrestricted	<u>1,420,493</u>
Total Net Assets	<u>\$ 2,726,865</u>

The notes to the financial statements are an integral part of this statement.

JEFFERSON DAVIS COUNTY  
Statement of Activities- Cash Basis  
For the Year Ended September 30, 2012

Exhibit 2

Functions/Programs	<u>Program Cash Receipts</u>				<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 3,059,520	198,560	54,752		(2,806,208)
Public safety	1,812,444	179,998	84,309		(1,548,137)
Public works	2,961,841		470,014	83,086	(2,408,741)
Health and welfare	191,060		31,407		(159,653)
Culture and recreation	183,507		25,645		(157,862)
Conservation of natural resources	99,820		224		(99,596)
Economic development and assistance	679,404		46,500	550,920	(81,984)
Purchase of investment	17,025				(17,025)
Debt service:					
Principal	88,168				(88,168)
Interest	50,833				(50,833)
Total Governmental Activities	<u>\$ 9,143,622</u>	<u>378,558</u>	<u>712,851</u>	<u>634,006</u>	<u>(7,418,207)</u>
General receipts:					
Property taxes				\$	4,356,085
Road & bridge privilege taxes					167,341
Grants and contributions not restricted to specific programs					1,194,109
Unrestricted interest income					19,800
Miscellaneous					170,008
Sale of county property					11,707
Total General Receipts and Other Cash Sources					<u>5,919,050</u>
Changes in Net Assets					<u>(1,499,157)</u>
Net Assets - Beginning of year					<u>4,226,022</u>
Net Assets - End of year				\$	<u>2,726,865</u>

The notes to the financial statements are an integral part of this statement.



## JEFFERSON DAVIS COUNTY

Exhibit 3

## Statement of Cash Basis Assets and Fund Balances

## Governmental Funds

September 30, 2012

	<u>Major Fund</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
ASSETS			
Cash	\$ 1,420,493	1,306,372	2,726,865
Total Assets	<u>\$ 1,420,493</u>	<u>1,306,372</u>	<u>2,726,865</u>
FUND BALANCES			
Restricted for:			
General government		246,330	246,330
Public safety		13,156	13,156
Public works		810,223	810,223
Culture and recreation		70,817	70,817
Debt service		148,591	148,591
Unemployment compensation		17,255	17,255
Unassigned	1,420,493		1,420,493
Total Fund Balances	<u>\$ 1,420,493</u>	<u>1,306,372</u>	<u>2,726,865</u>

The notes to the financial statements are an integral part of this statement.

## JEFFERSON DAVIS COUNTY

Exhibit 4Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -  
Governmental Funds  
For the Year Ended September 30, 2012

	<u>Major Fund</u>		
	<u>General</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
RECEIPTS			
Property taxes	\$ 2,597,661	1,758,424	4,356,085
Road and bridge privilege taxes		167,341	167,341
Licenses, commissions and other receipts	85,150	3,559	88,709
Fines and forfeitures	122,620		122,620
Intergovernmental receipts	1,194,666	1,346,300	2,540,966
Charges for services	30,478	136,751	167,229
Interest income	18,731	1,069	19,800
Miscellaneous receipts	138,307	31,701	170,008
Total Receipts	<u>4,187,613</u>	<u>3,445,145</u>	<u>7,632,758</u>
DISBURSEMENTS			
General government	2,900,389	159,131	3,059,520
Public safety	1,652,187	160,257	1,812,444
Public works	20,109	2,941,732	2,961,841
Health and welfare	191,060		191,060
Culture and recreation	84,579	98,928	183,507
Conservation of natural resources	99,820		99,820
Economic development and assistance	81,984	597,420	679,404
Debt service:			
Principal		88,168	88,168
Interest		50,833	50,833
Total Disbursements	<u>5,030,128</u>	<u>4,096,469</u>	<u>9,126,597</u>
Excess (Deficiency) of Receipts over Disbursements	<u>(842,515)</u>	<u>(651,324)</u>	<u>(1,493,839)</u>
OTHER CASH SOURCES (USES)			
Sale of county property	7,872	3,835	11,707
Transfers in		86,550	86,550
Transfers out	(86,550)		(86,550)
Purchase of investment	(17,025)		(17,025)
Total Other Cash Sources and Uses	<u>(95,703)</u>	<u>90,385</u>	<u>(5,318)</u>
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	<u>(938,218)</u>	<u>(560,939)</u>	<u>(1,499,157)</u>
Cash Basis Fund Balances - Beginning of year	<u>2,358,711</u>	<u>1,867,311</u>	<u>4,226,022</u>
Cash Basis Fund Balances - End of year	\$ <u><u>1,420,493</u></u>	<u><u>1,306,372</u></u>	<u><u>2,726,865</u></u>

The notes to the financial statements are an integral part of this statement.

JEFFERSON DAVIS COUNTY  
Statement of Fiduciary Assets and Liabilities - Cash Basis  
September 30, 2012

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 95,255
Total Assets	\$ <u>95,255</u>
LIABILITIES	
Amounts held in custody for others	\$ 95,255
Total Liabilities	\$ <u>95,255</u>

The notes to the financial statements are an integral part of this statement.

JEFFERSON DAVIS COUNTY

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## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### (1) Summary of Significant Accounting Policies.

##### A. Financial Reporting Entity.

Jefferson Davis County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. However, accounting principles generally accepted in the United States of America require Jefferson Davis County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in conformity with accounting principles applicable to the County's cash basis of accounting.

- Jefferson Davis General Hospital
- Jefferson Davis County Economic Development District

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

##### B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Assets – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

##### Government-wide Financial Statements:

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Assets – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

#### Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as other Governmental Funds.

#### C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Fund:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Additionally, the County reports the following fund types:

#### GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

#### FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

#### D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2005 by the Government Finance Officers Association.

## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

#### E. Deposits and Investments.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less). Investments in governmental securities are stated at book value. However, the County did not invest in any governmental securities during the fiscal year.

#### F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net assets and displayed in two components:

Restricted net assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets not meeting the definition of "restricted."

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

*Restricted fund balance* includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

*Unassigned fund balance* is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

# JEFFERSON DAVIS COUNTY

## Notes to Financial Statements For the Year Ended September 30, 2012

### G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

### (2) Change in Accounting Principle.

Prior to October 1, 2011 the County's financial statements were presented using the accrual basis of accounting. For the fiscal year ended September 30, 2012, the basic financial statements are prepared on a cash basis of accounting wherein amounts are recognized when received or disbursed. This basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred.

### (3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2012, was \$2,822,120, and the bank balance was \$3,009,771. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

**Custodial Credit Risk - Deposits.** Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

### (4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2012:

#### Transfers In/Out:

Transfer In	Transfer Out	Amount
Other Governmental Funds	General Fund	\$ <u>86,550</u>

The principal purpose of interfund transfers was to provide funds for grant matches and road repairs. All interfund transfers were routine and consistent with the activities of the fund making the transfer.



## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2012, to January 1, 2013. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Related Organization.

The Jefferson Davis County Board of Supervisors is responsible for appointing a voting majority of the members of the board of the Prentiss/Jefferson Davis County Airport, but the county's accountability for this organization does not extend beyond making the appointment. The county contributed \$5,000 for the airport's support in fiscal year 2012.

(8) Joint Venture.

The County participates in the following joint venture:

Jefferson Davis County is a participant with Marion County in a joint venture, authorized by Section 39-3-9, Miss. Code Ann. (1972), to operate the South Mississippi Regional Library. The joint venture was created to provide library service for the Counties of Jefferson Davis and Marion, and is governed by a five-member board. The two counties rotate board appointments so each county has a majority of board members in alternate years. Complete financial statements for the South Mississippi Regional Library can be obtained from the Marion County branch located at 900 Broad Street, Columbia, Mississippi.

(9) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Pearl River Valley Opportunity, Inc., operates in a district composed of the Counties of Covington, Forrest, Jefferson Davis, Jones, Lamar, Marion, Pearl River and Perry. The entity was created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal law. The Jefferson Davis County Board of Supervisors appoints one of the 24 members of the board of directors. The primary source of funding for the entity is derived from federal funds. The county contributed \$5,000 for support of the district in fiscal year 2012.

## JEFFERSON DAVIS COUNTY

### Notes to Financial Statements For the Year Ended September 30, 2012

Southeast Mississippi Air Ambulance District operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Marion, Pearl River, Perry, Stone and Walthall. The Jefferson Davis County Board of Supervisors appoints one of the nine members of the board of directors. The county contributed \$36,600 for support of the district in fiscal year 2012.

Pearl River Community College operates in a district composed of the Counties of Forrest, Hancock, Jefferson Davis, Lamar, Marion and Pearl River. The Jefferson Davis County Board of Supervisors appoints two of the 16 members of the college board of trustees. The county contributed \$163,410 for maintenance and support of the college in fiscal year 2012.

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Jefferson Davis County Board of Supervisors appoints one of the 27 members of the board of directors. The county contributed \$29,725 for support of the district in fiscal year 2012.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Jefferson Davis County Board of Supervisors appoints one of the nine members of the board of commissioners. The county contributed \$31,000 for support of the entity in fiscal year 2012.

Pearl and Leaf River Rails-to-Trails Recreational District operates in a district composed of the Counties of Forrest, Jefferson Davis and Lamar, and the Cities of Bassfield, Hattiesburg, Prentiss and Sumrall. The Jefferson Davis County Board of Supervisors appoints one of the seven members of the board of directors. The county contributed \$16,250 for support of the district in fiscal year 2012.

#### (10) Defined Benefit Pension Plan.

Plan Description. Jefferson Davis County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2012, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2012 was 14.26% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2012, 2011 and 2010 were \$375,031, \$344,658 and \$338,758, respectively, equal to the required contributions for each year.

JEFFERSON DAVIS COUNTY

SUPPLEMENTAL INFORMATION

JEFFERSON DAVIS COUNTY  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2012

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
Community development block grants/state's programs*	14.228	1128-11-033-ED-01	\$ 550,920
Community development block grants/state's programs*	14.228	1128-11-033-PF-01	41,500
Subtotal			<u>592,420</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority			
HOME investment partnership program	14.239	1223-M 11-SG-280-186	<u>5,000</u>
Total U.S. Department of Housing and Urban Development			<u>597,420</u>
U.S. Department of Justice - Bureau of Justice Assistance/ Passed-through the Mississippi Dept of Public Safety			
Edward Byrne memorial justice assistance program	16.738	10LB1331	<u>6,237</u>
U.S. Department of Transportation - Federal Highway Administration/ Passed-through the Mississippi Department of Transportation			
Highway planning and construction	20.205	BR NBIS 076 B (33)	<u>15,700</u>
U.S. Department of Transportation - Pipeline and Hazardous Material Safety Administration/ Passed-through the Mississippi Emergency Management Agency			
Hazardous material emergency preparedness training and planning grant	20.703	LEPC	<u>3,456</u>
Total U.S. Department of Transportation			<u>19,156</u>
U.S. Department of Energy/ Passed-through the Mississippi Development Authority			
(ARRA) Energy efficiency and conservation block grant program	81.128	GT11-0810-0040	<u>24,884</u>
Total Expenditures of Federal Awards			<u>\$ 647,697</u>

\* Denotes major federal award program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

Note B - Expenditures Reported in the Prior Year

The Schedule of Expenditures of Federal Awards for the year ended September 30, 2011, included \$25,645 of expenditures for the Highway Planning and Construction Program (CFDA #20.205 - Identifying #STP-0033-00 (003) LPA) made in October 2011 because the financial statements for the year ended September 30, 2011, were prepared using GAAP basis. As a result the \$25,645 is not included on the Schedule of Expenditures of Federal Awards for the year ended September 30, 2012.

JEFFERSON DAVIS COUNTY  
Schedule of Operating Costs of Solid Waste  
For the Year Ended September 30, 2012

Operating Disbursements, Cash Basis:

Salaries	\$	214,262
Expendable Commodities:		
Gasoline and petroleum products		59,905
Repair parts		6,087
Maintenance		3,123
Contractual services		127,747
Supplies		<u>618</u>
Solid Waste Operating Cost Disbursements	\$	<u><u>411,742</u></u>

JEFFERSON DAVIS COUNTY

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## JEFFERSON DAVIS COUNTY

## OTHER INFORMATION

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY  
 Budgetary Comparison Schedule -  
 Budget and Actual (Non-GAAP Basis)  
 General Fund  
 For the Year Ended September 30, 2012  
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Property taxes	\$ 2,498,500	2,597,500	2,597,661	161
Licenses, commissions and other receipts	77,500	85,100	85,150	50
Fines and forfeitures	116,500	121,300	122,620	1,320
Intergovernmental receipts	1,805,784	1,307,400	1,194,666	(112,734)
Charges for services	17,200	30,400	30,478	78
Interest income	1,900	1,695	18,731	17,036
Miscellaneous receipts	148,000	152,100	138,307	(13,793)
Total Receipts	<u>4,665,384</u>	<u>4,295,495</u>	<u>4,187,613</u>	<u>(107,882)</u>
<b>DISBURSEMENTS</b>				
Current:				
General government	3,306,104	2,958,850	2,900,389	58,461
Public safety	1,752,940	1,680,800	1,652,187	28,613
Public works	45,000	20,250	20,109	141
Health and welfare	198,191	195,875	191,060	4,815
Culture and recreation	66,750	84,550	84,579	(29)
Education	134,000	187,000	0	187,000
Conservation of natural resources	107,830	102,595	99,820	2,775
Economic development and assistance	124,884	83,000	81,984	1,016
Total Disbursements	<u>5,735,699</u>	<u>5,312,920</u>	<u>5,030,128</u>	<u>282,792</u>
Excess of Receipts over (under) Disbursements	<u>(1,070,315)</u>	<u>(1,017,425)</u>	<u>(842,515)</u>	<u>174,910</u>
<b>OTHER CASH SOURCES (USES)</b>				
Sale of county property	7,872	7,872	7,872	
Transfer Out	(86,550)	(86,550)	(86,550)	
Purchase of investment	(17,025)	(17,025)	(17,025)	
Total Other Cash Sources and Uses	<u>(95,703)</u>	<u>(95,703)</u>	<u>(95,703)</u>	<u>0</u>
Net Change in Fund Balance	(1,166,018)	(1,113,128)	(938,218)	174,910
Fund Balances - Beginning	<u>2,358,711</u>	<u>2,358,711</u>	<u>2,358,711</u>	<u>0</u>
Fund Balances - Ending	<u>\$ 1,192,693</u>	<u>1,245,583</u>	<u>1,420,493</u>	<u>174,910</u>

The accompanying notes to the Other Information are an integral part of this statement.

JEFFERSON DAVIS COUNTY  
Schedule of Investments  
For the Year Ended September 30, 2012  
UNAUDITED

<u>Fund</u>	<u>Description</u>	<u>Beginning Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>October 1 Balance</u>	<u>Purchased</u>	<u>Redeemed</u>	<u>September 30 Balance</u>
GENERAL FUND	Certificates of Deposit	3/3/2012	3/4/2013	0.400%	\$ <u>3,085,440.00</u>	<u>17,025.00</u>		<u>3,102,465.00</u>
001 General County					<u>3,085,440.00</u>	<u>17,025.00</u>	<u>0.00</u>	<u>3,102,465.00</u>
Total General Fund								
TOTAL GOVERNMENTAL FUNDS					\$ <u><u>3,085,440.00</u></u>	<u><u>17,025.00</u></u>	<u><u>0.00</u></u>	<u><u>3,102,465.00</u></u>

JEFFERSON DAVIS COUNTY  
Schedule of Capital Assets  
For the Year Ended September 30, 2012  
UNAUDITED

**Governmental activities:**

	Balance Oct. 1, 2011	Additions	Deletions	Adjustments *	Balance Sept. 30, 2012
Land	\$ 381,562				381,562
Construction in progress		550,920			550,920
Infrastructure	47,033,591			447,904	47,481,495
Buildings	5,752,437				5,752,437
Improvements other than buildings	123,876				123,876
Mobile equipment	6,401,093	153,842	131,944		6,422,991
Furniture and equipment	835,864	5,444	14,989		826,319
Leased property under capital leases	59,442				59,442
Total capital assets	\$ <u>60,587,865</u>	<u>710,206</u>	<u>146,933</u>	<u>447,904</u>	<u>61,599,042</u>

Note: Adjustments are for completed state aid construction projects transferred to the county.

JEFFERSON DAVIS COUNTY  
Schedule of Changes in Long-term Debt  
For the Year Ended September 30, 2012  
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2012

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2011	Issued	Principal Paid	Balance Sept. 30, 2012
Governmental Activities:							
A. General Obligation Bonds:							
Hospital Bond	06-2003	07-2025	4.25%	\$ 1,214,758		70,086	1,144,672
B. Capital Leases:							
420E Caterpillar backhoe	04-2011	04-2013	2.75%	<u>28,861</u>		<u>18,082</u>	<u>10,779</u>
Total				<u>\$ 1,243,619</u>	<u>0</u>	<u>88,168</u>	<u>1,155,451</u>

The accompanying notes to the Other Information are an integral part of this statement.

JEFFERSON DAVIS COUNTY  
Schedule of Surety Bonds for County Officials  
For the Year Ended September 30, 2012  
UNAUDITED

Name	Position	Company	Bond
Mason Hollman, Jr.	Supervisor District 1	Western Surety Company	\$100,000
Charles W. Reid	Supervisor District 2	Western Surety Company	\$100,000
John H. Thompson	Supervisor District 3	Western Surety Company	\$100,000
Michael O. Evans	Supervisor District 4	Western Surety Company	\$100,000
Bobby R. Rushing	Supervisor District 5	Western Surety Company	\$100,000
John W. Davies	Chancery Clerk	Western Surety Company	\$100,000
Janice Bridges	Purchase Clerk	Western Surety Company	\$75,000
Abrilla Brumfield	Receiving Clerk	Western Surety Company	\$75,000
David Bayles	Assistant Receiving Clerk	Western Surety Company	\$50,000
Willie Ray Dyess	Assistant Receiving Clerk	Western Surety Company	\$50,000
Anna R. Keys	Assistant Receiving Clerk	Western Surety Company	\$50,000
Charles White	Assistant Receiving Clerk	Western Surety Company	\$50,000
Sherrie Lynn Weathersby	Assistant Receiving Clerk	Western Surety Company	\$50,000
Rose Bourne	Inventory Control Clerk	Western Surety Company	\$75,000
Walter E. Bullock	Constable	Western Surety Company	\$50,000
Harold Rhodes	Constable	Western Surety Company	\$50,000
Clint W. Langley	Circuit Clerk	Western Surety Company	\$100,000
Michelle Williams	Deputy Circuit Clerk	Western Surety Company	\$50,000
Debbie Dyess	Deputy Circuit Clerk	Western Surety Company	\$50,000
Ron Strickland	Sheriff	Western Surety Company	\$100,000
Charles Johnson, John Wayne Toler, Zackary Jackson, Breazeale Clyde, Joe Bullock, Brian Gray, Tenisha Daniels	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Western Surety Company	\$50,000
Ronald Barnes	Justice Court Judge	Western Surety Company	\$50,000
Johnny C. Hartzog	Justice Court Judge	Western Surety Company	\$50,000
Sara Judy Cole	Justice Court Clerk	Western Surety Company	\$50,000
Charlotte Williams	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Anna R. Keys	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Sue Shivers Worthy	Tax Collector-Assessor	Western Surety Company	\$100,000
Arnetra Polk	Financial Manager	Western Surety Company	\$75,000
Pat Evans	Accounting Clerk	Western Surety Company	\$75,000

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

Notes to Other Information  
For the Year Ended September 30, 2012  
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary and variances between the final budget and the actual amounts. The schedule is presented for the General Fund.

(2) Long-term Debt information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt, that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the County. As of September 30, 2012, the amount of outstanding debt was equal to less than 1% of the latest property assessments.

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

SPECIAL REPORTS

JEFFERSON DAVIS COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE  
FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Jefferson Davis County, Mississippi, (the County) as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 26, 2013. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Jefferson Davis County, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

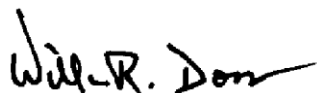
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Davis County, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Jefferson Davis County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated July 26, 2013, included within this document.

Jefferson Davis County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Jefferson Davis County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 26, 2013



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

Compliance

We have audited the compliance of Jefferson Davis County, Mississippi (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2012. Jefferson Davis County, Mississippi's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Jefferson Davis County, Mississippi's management. Our responsibility is to express an opinion on Jefferson Davis County, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jefferson Davis County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jefferson Davis County, Mississippi's compliance with those requirements.

In our opinion, Jefferson Davis County, Mississippi, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

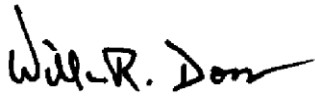
Internal Control Over Compliance

The management of Jefferson Davis County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jefferson Davis County, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Supervisors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 26, 2013



**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,  
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES  
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

We have examined Jefferson Davis County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2012. The Board of Supervisors of Jefferson Davis County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Jefferson Davis County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding, recommendation, and your response are disclosed below:

Board of Supervisors

1. Assistant Receiving Clerk was not bonded for the appointed office.

Finding

Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Receiving Clerk to execute a bond for \$50,000 to be payable, conditioned and approved as provided by law. The Assistant Receiving Clerk was not bonded for fiscal year 2012 for the appointed office. In the event of loss of public funds involving the Assistant Receiving Clerk, the funds available to the county for recovery would be limited.

Recommendation

The Assistant Receiving Clerk should execute a bond for \$50,000 for the appointed office, as required by law.

Board of Supervisors' Response

This has been corrected and recorded.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Jefferson Davis County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2012.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Jefferson Davis County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Jefferson Davis County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

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WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 26, 2013



JEFFERSON DAVIS COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2012

Our test results did not identify any purchases from other than the lowest bidder.

JEFFERSON DAVIS COUNTY  
Schedule of Emergency Purchases  
For the Year Ended September 30, 2012

Schedule 2

Our test results did not identify any emergency purchases.

JEFFERSON DAVIS COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source  
For the Year Ended September 30, 2012

Our test results did not identify any purchases made noncompetitively from a sole source.

JEFFERSON DAVIS COUNTY

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**STATE OF MISSISSIPPI  
OFFICE OF THE STATE AUDITOR  
STACEY E. PICKERING  
AUDITOR**

**LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT**

Members of the Board of Supervisors  
Jefferson Davis County, Mississippi

In planning and performing our audit of the financial statements of Jefferson Davis County, Mississippi (the County) for the year ended September 30, 2012, we considered Jefferson Davis County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Jefferson Davis County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 26, 2013, on the financial statements of Jefferson Davis County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified a certain immaterial instance of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are disclosed below:

Board of Supervisors.

1. Sheriff's Deputies were not bonded under hired statute.

Finding

Section 45-5-9, Miss. Code Ann. (1972), requires every Sheriff's Deputy hired under this section to execute a bond for \$50,000 to be payable, conditional and approved as provided by law. During the testing of the County's surety bonds, some Sheriff's Deputies were not bonded for the fiscal year 2012 as required by the statute. In the event of a loss of public funds involving the Sheriff's Deputies, the County may incur an unnecessary liability.

Recommendation

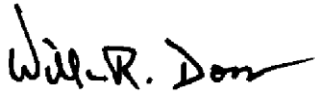
The Sheriff Deputy should execute a bond in the amount of \$50,000 each, as required by the statute.

Board of Supervisors' Response

This situation is currently being corrected.

Jefferson Davis County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will-R. Doss". The signature is written in a cursive, slightly stylized font.

WILLIAM R. DOSS, CPA  
Director, Financial and Compliance Audit Division

July 26, 2013

JEFFERSON DAVIS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JEFFERSON DAVIS COUNTY

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JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30 2012

Section 1: Summary of Auditor's Results

***Financial Statements:***

1. Type of auditor's report issued on the financial statements:
 

Governmental activities	Unqualified
Aggregate discretely presented component units	Adverse
General Fund	Unqualified
Aggregate remaining fund information	Unqualified
2. Internal control over financial reporting:
  - a. Material weakness identified? No
  - b. Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted? No

***Federal Awards:***

4. Internal control over major programs:
  - a. Material weakness identified? No
  - b. Significant deficiency identified? None Reported
5. Type of auditor's report issued on compliance for major federal programs: Unqualified
6. Any audit finding(s) disclosed that are required to be reported in accordance with Section \_\_\_\_510(a) of OMB Circular A-133? No
7. Federal programs identified as major programs:
  - a. Community development block grants/state's program, CFDA #14.228
8. The dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? No

JEFFERSON DAVIS COUNTY

Schedule of Findings and Questioned Costs  
For the Year Ended September 30 2012

Section 2: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported by *Government Auditing Standards*.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.